

Attachment 3

Municipal Energy Project Financing Options

Financing Option	Description
City Energy Fund ¹	<ul style="list-style-type: none"> • First two years of savings and rebates/incentives resulting from municipal energy efficiency or renewable energy projects are deposited back into the Energy Fund for use in additional energy efficiency or renewable energy projects • After two years, the savings go to the General Fund
PG&E On-bill Financing	<ul style="list-style-type: none"> • City provides upfront funding • PG&E reimburses City, after project post-inspection/approval, in the form of a 0% interest “loan” • Min. \$5000 and max. \$250,000 “loan” • “Loan” payments based on annual projected savings • After loan term, max. 10 years, the savings go to the General Fund
Energy Service Performances Contracts (ESPCs; also known as Energy Service Companies or “ESCOs”)	<ul style="list-style-type: none"> • Private company provides audit and funds implementation of suitable projects in the form of a “loan” • “Loan” typically incorporates some added costs from private company • “Loan” payments based on annual projected savings • After loan term, typically 10-20 years, the savings go to the General Fund
California Energy Commission (CEC) Energy Efficiency Financing	<ul style="list-style-type: none"> • 3% interest rate loan for energy efficiency projects • Loan payments based on annual projected savings • Loans must be fully disbursed (i.e., all invoices must be submitted and paid) on or before March 31, 2012 • CEC may choose funding source from ARRA, Energy Conservation Assistance Act (ECAA) or bond proceeds from ECAA Tax-exempt revenue bonds • After loan term, up to 15 years, the savings go to the General Fund

¹ Current City of San Jose Energy Fund Policy